

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Lennar Homes of California, Inc. is a California homebuilder, located in Aliso Viejo, California.

On March 1, 2004, during the late contribution reporting period prior to the March 2, 2004 primary election, Respondent made a \$100,000 political contribution, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> Accordingly, Respondent was required by the Act to file late contribution reports disclosing its late contributions within 24 hours of making them. In addition, as Respondent’s contribution activity exceeded \$50,000 for the calendar year, Respondent was also obligated to file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met.

In this case, Respondent made a late contribution prior to the March 2, 2004 primary election, which it failed to timely disclose in a properly filed late contribution report. Respondent also failed to timely file the late contribution report electronically, pursuant to the requirements of the Act.

For the purposes of this stipulation, Respondent’s violations are stated as follows:

- COUNT 1: Respondent Lennar Homes of California, Inc. failed to disclose a \$100,000 late contribution to the “Builders for Prop. 55, Sponsored by the CA Building Industry Assn” committee in a timely filed late contribution report, by the March 2, 2004 due date, in violation of section 84203, subdivision (a).
- COUNT 2: Respondent Lennar Homes of California, Inc. failed to disclose a \$100,000 late contribution to the “Builders for Prop. 55, Sponsored by the CA Building Industry Assn” committee in a timely electronically filed late contribution report, by the March 2, 2004 due date, in violation of section 84605, subdivision (a).

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

## **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made or received before an election, but after the closing date of the last pre-election statement. Under section 84200.8, subdivision (b), for an election not held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84605, subdivision (a) requires, beginning July 1, 2000, that major donor committees that make contributions totaling fifty thousand dollars (\$50,000) or more in a calendar year must file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount is met.

Section 84215, subdivision (a) requires all major donor committees supporting statewide measures to file the committee’s campaign statements with the office of the Secretary of State, the Registrar-Recorder of Los Angeles County, and with the Registrar of Voters of the City and County of San Francisco.

## **SUMMARY OF THE FACTS**

During the late contribution period for the March 2, 2004 primary election, Respondent Lennar Homes of California, Inc. made a \$100,000 political contribution, and thereby qualified under section 82013, subdivision (c) of the Act as a major donor committee.

### **COUNT 1**

#### **Failure to File a Late Contribution Report**

As a major donor committee, Respondent Lennar Homes of California, Inc. had a duty to file late contribution reports, disclosing, within 24 hours, any late contributions that

it made. The late contribution reporting period for the March 2, 2004 primary election was February 15, 2004 through March 1, 2004.

On March 1, 2004, Respondent Lennar Homes of California, Inc. made a contribution of \$100,000 to the “Builders for Prop. 55, Sponsored by the CA Building Industry Assn” committee. As the contribution was made during the late contribution reporting period prior to the March 2, 2004 primary election, Respondent was required to disclose the contribution in a late contribution report filed by March 2, 2004. Respondent failed to do so.

Respondent disclosed the \$100,000 late contribution made to the “Builders for Prop. 55, Sponsored by the CA Building Industry Assn” committee in a late contribution report filed on March 17, 2004, approximately 15 days late, when Respondent first recognized its late contribution filing omission.

By failing to file a late contribution report by March 2, 2004, disclosing a \$100,000 late contribution to the “Builders for Prop. 55, Sponsored by the CA Building Industry Assn” committee, Respondent committed a violation of section 84203, subdivision (a).

## COUNT 2

### **Failure to Disclose a Late Contribution Electronically**

As a major donor committee which made contributions of \$50,000 or more in a calendar year, Respondent Lennar Homes of California, Inc. had a duty to file all of its required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met.

On March 1, 2004, Respondent Lennar Homes of California, Inc. made a late contribution of \$100,000 to the “Builders for Prop. 55, Sponsored by the CA Building Industry Assn” committee, and failed to electronically file a late contribution report disclosing the \$100,000 late contribution by the March 2, 2004 due date.

Respondent disclosed the \$100,000 late contribution made to the “Builders for Prop. 55, Sponsored by the CA Building Industry Assn” committee in a late contribution report electronically filed on March 17, 2004, approximately 15 days late, when Respondent first recognized its late contribution filing omission.

By failing to disclose a late contribution in an electronically filed late contribution report by March 2, 2004 with the Office of the Secretary of State, as set forth above, Respondent committed a violation of section 84605, subdivision (a).

## **CONCLUSION**

This matter consists of two counts, which carry a maximum possible administrative penalty of Ten Thousand Dollars (\$10,000).

This case was removed from the Enforcement Division's Streamlined Late Contribution Enforcement Program in light of the large amount of the untimely disclosed contribution, made during the late contribution reporting period before the March 2, 2004 election.

Respondent has a record of timely filings, including filings during the late contribution reporting period before previous elections. Respondent accomplished filings in this case one day after discovery of its failure to file, but after the date of the election.

The facts of this case therefore justify a stipulated settlement as set forth herein, including imposition of the agreed-upon penalty of ten thousand dollars (\$10,000), in order to reach a final disposition without the necessity of conducting further proceedings.